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NSC

Briefing outline
24 July

I. Timing of Beria's arrest in relation to Soviet Policies.

A. Timing of Beria's fall from power.

1. Earliest indications Beria's influence dropping is postponement Georgian Party Congress called for 25 May.
2. Beria's absence from opera 27 June plus presence tanks same day vicinity his house lead Western observers to place his actual arrest that date.
3. Berlin riots may have provided opportunity and pretext to do away with him.
4. However, some evidence his fall occurred prior to riots:
 - (a) 15-16 June company grade KVD officers in occupied Europe express extreme concern over unidentified accident of which they anxiously await further news.
 - (b) Evidence during whole month June of strange disruptions in administration some Soviet Foreign Intelligence nets.

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B. Relations to Soviet Policies.

1. Must consider that Beria's policy position prior to his fall may have little relation to subsequent course Soviet policy.
2. Most important factor Beria purge appears as internal power struggle. Force out by accusations he using police for personal ends.
3. More likely Beria was antagonist than proponent of soft tactics.
4. "Internal liberalization" program composed three parts:
 - (a) New emphasis on increasing consumer goods. Indications this policy continues - (1) Increased better imports from Czech, (2) frozen beef, mutton, pork orders to Australia, (3) Soviet plan for first half 1952 increases emphasis on consumer goods.
 - (b) De-emphasis government dependence on repressive system forced labor (amnesty decree) plus promise rewrite criminal code in favor of civil rights. Unlikely

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to specific situations for which Soviets needed external scapegoat. Do not appear to affect over-all conciliatory policy.

8. Moderate diplomatic moves continue.

(a) Conciliatory tactics continue with bordering countries - resumption diplomatic relations Israel (20 July) and restoration normal diplomatic relations toward Greece - pending - settlement financial claims and border problems with Iran - formation Satellite-Yugoslav joint border commissions during June-July

9. Continuing interest in expanding foreign contacts and increasing foreign goodwill.

(a) \$1,000,000 to UK technical assistance program.

(b) Similar Polish offer of \$75,000.

(c) Exit visas given two more Russian wives American citizens.

(c) \$10,000 gift to Japanese flood relief.

(e) Agreement with Austria turning over Tihen-Fersenberg dam.

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10. Increase in foreign trade continues.

- (a) Agreement tripling trade France to \$34 million annually each way.
- (b) Doubling of trade with Denmark to \$40 million annual total.
- (c) Expanding trade with Greece to \$10 million annually each way.
- (d) Large agreement pending with Argentina with whom no trade since 1947. (Total trade one year period \$180 million)

11. Additional signs conciliatory policy in satellites.

- (a) Romania and Hungary cancel agricultural debts.
- (b) Hungarian government reduces cooperative delivery quotas 10%.
- (c) Hungarian Premier Nagy announces decree to be promulgated on amnesty and abolition labor camps.
- (d) However, Cominform journal treatment Nagy and Rakosi speeches seems to warn that future concessions will be limited.

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12. Attempt to strengthen Soviet position in East Germany.

- (a) Economic concessions continue with increase in wages and food supply. Announced exchange \$57.5 million worth of Soviet food for manufactures.
- (b) Reported reorganization of Security Ministry -- together with indications that increased security measures and strengthening of East German regime are planned.
- (c) Announcements that improved living standard depends on increased worker productivity.
- (d) 16 July - East German call for unity talks is propaganda -- does not contain elements conducive to agreement.

C. Conclusions.

- 1. Berlin purge has generally not affected policy.
- 2. Future policy will be determined by exigencies of local situation -- for example return to strict measures Germany would indicate need for discipline rather than downfall of alleged peasant of softness.

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3. Already clear new tactics not being applied across the board -- no economic concessions Poland, Bulgaria.
4. Some apparent slackening conciliatory gestures Germany and Hungary -- possibly due to Soviet desire to reassure Communism there will be no change fundamental aims of Communism.

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